

Questions & Answers

Proposition 34

Proposition 34 and the March 2004 Elections: Answering Candidate Questions

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The primary election for state legislative offices will be held March 2, 2004. In previous bulletins, the FPPC answered questions about Proposition 34 concerning Small Contributor Committees, the Voluntary Expenditure Ceiling, transfers between a candidate's campaign committees, and affiliation issues in relation to contribution limits (go to "Prop. 34" on our home page, and see Questions and Answers from the May 2001 and November 2001 editions of the Bulletin under "More Information"). On January 1, 2003, the contribution limits and voluntary expenditure ceilings for state candidates were raised. The following questions and answers deal with these changes, and many other important issues:

General Issues

Q: *I'm running for a legislative seat. When may I start raising funds for the **general** election?*

A: Prior to raising or spending money for any election, you must file the Candidate Intention Statement (Form 501). Once you have sent this form to the Secretary of State, you may raise funds for both the primary and general elections associated with the specific elective office you are

seeking. If you are unsuccessful in the primary election, however, you must return those contributions received earmarked for the general election to your contributors, less the cost of raising and administering the funds. Although you are not required to do so, you may establish separate bank accounts for the primary and general elections.

Q: *If I am unsuccessful in my election bid, may I return my contributions to those who contributed to my committee?*

A: Yes, you may return contributions to your contributors. However, you may not return contributions that you made from your personal funds to your own campaign, except those contributions that were reported as loans. Remember, a candidate may not have outstanding loans totaling more than \$100,000 at any one time per campaign for elective office.

Q: *I established a committee to run for state legislative office in 2002. May I use that committee to run for the same office in 2004?*

A: No. You must file a new Form 501, create a new committee, and use a separate campaign bank account for the new election, even if you are running for reelection.

Q: *As a candidate, what information must I include in a written solicitation for contributions?*

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A: Candidates and their controlled committees must identify by name the particular controlled committee for which the contribution is being solicited. In addition, candidates for state elective office must identify the specific office for which the contributions are solicited. (See regulation 18523.1.)

Contribution Limits

Q: *What are the contribution limits for candidates for state legislative offices?*

A: A candidate for state Assembly or state Senate may not receive more than \$3,200 from a single source per election. (See regulation 18545.) (The primary and general elections are considered separate elections for purposes of the contribution limits.) However, a Small Contributor Committee (see Government Code section 85203 for a definition) may contribute up to \$6,400 per election. There is no limit on how much a political party may contribute to a candidate, nor is there a limit on the amount a candidate may contribute from personal funds to his or her own campaign. (A candidate may not have an outstanding loan made from personal funds of more than \$100,000 at any one time per campaign for elective office, however.)

Q: *What are the contribution limits for local candidates, and state or local ballot measure committees?*

A: The Political Reform Act does not impose limits on local candidates, nor on state or local ballot measure committees. However, many cities, counties, and special districts have their own limits for candidates. Contact the applicable jurisdiction

to find out if there are limits, and what the limits might be.

Q: *If, as a state candidate, I receive a contribution that exceeds the state contribution limits, what should I do?*

A: If you receive a monetary contribution that either on its face or in the aggregate exceeds the limits, return it prior to deposit or negotiation within 14 days of receipt. Deposit or negotiation of a monetary contribution that exceeds the limits is a violation of the Political Reform Act. If you receive a non-monetary contribution that exceeds the limits, within 14 days return the non-monetary contribution, its monetary equivalent, or the monetary amount by which the value of the non-monetary contribution exceeds the limits.

Transfers and Carryover

Q: *I ran for a senate seat in 2000. I still have funds remaining that were raised prior to January 1, 2001. May I transfer these funds to my 2004 reelection committee?*

A: Yes. You may transfer any amount raised prior to January 1, 2001, into your reelection campaign bank account without attribution.

Q: *I ran for assembly in 2000. I transferred \$10,000 in funds raised prior to January 1, 2001, into my 2002 reelection committee. My 2002 campaign account has always had a balance of \$10,000 or more. May I now transfer \$10,000 from my 2002 account to my 2004 **senate** committee without attribution?*

A: Yes, as long as the amount transferred to the senate committee account does not exceed the lowest balance in the 2002 committee's account following receipt of the unattributed transfer. (See regulation 18530.2.) For instance, you transferred \$10,000 from the funds remaining in your

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2000 committee to run for reelection in 2002. If the balance in your 2002 account has never been less than \$10,000 at any one time, you may now transfer without attribution up to \$10,000 into your new 2004 senate account. Another example: You transferred \$20,000 from the funds remaining in your 2000 committee to run for reelection in 2002. If the lowest balance in your 2002 account was \$5,000, you may transfer no more than \$5,000 to your new 2004 senate campaign account without attribution.

Q: *I ran for assembly in 2002. I plan to seek a senate seat in 2004. May I transfer funds remaining in my assembly campaign, all of which were raised after January 1, 2001, to my senate campaign committee?*

A: Yes, but since the funds were raised for an election that took place after January 1, 2001, and you are seeking a different office, you must attribute the contributions to your contributors using a LIFO or FIFO accounting system (see the question and answer series on transfers by clicking onto "Prop. 34" on our home page, then click onto "November 2001" under "More Information," then go to page 3).

Q: *I ran unsuccessfully for the assembly in 2002. May I carry over any remaining funds into my committee for assembly in 2004?*

A: Funds remaining in your 2002 account must have been transferred to a new campaign bank account by the end of the reporting period following the day of the election. In other words, if you lost the 2002 general election for assembly, any funds remaining in the account after of December 31, 2002, became surplus. Surplus funds may not be used to seek elective office. (See regulation 18537.1.)

Q: *I ran successfully for the assembly in*

2002. May I carry over any remaining funds into my assembly reelection committee in 2004?

A: Yes. Since you were successful, any funds remaining in your 2002 campaign committee are not "surplus funds." In addition, since the committee receiving the carried over funds will be established for a subsequent election for the same elective state office, you may carry over any amount in the 2002 committee without attribution. (See regulation 18537.1.)

Voluntary Expenditure Ceiling

Q: *What is the Voluntary Expenditure Ceiling?*

A: When a state candidate completes a Candidate Intention Statement (Form 501), he or she must accept or reject the Voluntary Expenditure Ceiling (VEC). By accepting the VEC, a candidate for assembly agrees not to expend more than \$425,000 for the primary election nor more than \$637,000 for the general election. Candidates for senate who agree to the ceiling must not expend more than \$637,000 for the primary election nor more than \$956,000 for the general election. (Not all expenditures made by a campaign count toward the ceiling. See regulation 18540.)

Q: *Once I have accepted or rejected the Voluntary Expenditure Ceiling, may I change my mind and amend the Form 501?*

A: The only time you may change your designation is if (1) you did not exceed the VEC during the primary election, and (2) within 14 days after the primary election, you amend your Form 501 to indicate acceptance of the VEC for the general election.

Q: *If I accept the Voluntary Expenditure Ceiling for the primary election, may I reject it for the general election?*

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- A: No. Your acceptance of the VEC pertains to both the primary and general elections. The VEC is lifted only if one of your opponents contributes personal funds to his or her campaign which exceed the ceiling.

Filing Deadline

- Q: *Do I file my semi-annual statement covering the period through December 31, 2003, on January 10, 2004, or January 31, 2004?*
- A: Candidates on the March 2, 2004, ballot must file their reports covering the period through December 31, 2003, by January 10, 2004.

Web Site Update



By Jon Matthews
FPPC Publications Editor

A revised fact sheet discussing revolving door and other post-employment issues is now posted on our web site. The publication, entitled, "Leaving Your State Job? Post-Employment Restrictions May Affect You," can be found in the publications section of our site, the restrictions on government employees section, and directly at the link:

<http://www.fppc.ca.gov/index.html?id=33>

Around the first of the year, watch our site for the posting of the new version of the Form 700 — Statement of Economic Interests. This

interactive document will be available in the forms section of our site at:

<http://www.fppc.ca.gov/index.html?id=234>

Attention clerks and filing officers: For more important information on the new Form 700 and its distribution through our web site, see our Clerk's Corner articles beginning on page 16 of this issue.

Many filing schedules for committees and candidates are available for 2004 elections. For links to the filing schedules, go to our filing deadlines page at:

<http://www.fppc.ca.gov/index.html?id=222>

Here's a reminder that the FPPC has expanded its new, automatic system for e-mailing Commission materials, news and notices to interested members of the public, the regulated community and the media. Benefits of this system include more timely and efficient service to those seeking information, as well as conservation of the Commission's limited resources.

To use the system, simply go to the new FPPC Mailing Lists page, accessed through the Mailing Lists link at the bottom of the left hand column of our web home page:

<http://www.fppc.ca.gov/index.html?id=408>

Once at the page, simply enter your e-mail address. Choose the e-mail list or lists you would like to join and click on the "submit" button at the bottom of the form. You then will receive a confirmation e-mail for each list chosen. Reply to the confirmation e-mail(s) and the selected materials will be sent to the e-mail address you have entered.

You also may use the new FPPC Mailing Lists page to *unsubscribe* from FPPC mailing lists in which you are no longer interested.

Please note that all of the publications and materials offered via the e-mail system also will be available directly from our web site.

If you have questions about the new system, don't hesitate to e-mail or call FPPC Publications Editor Jon Matthews at jmatthews@fppc.ca.gov, or (916) 323-2937.